

9790
RECEIVED
LEGISLATIVE AUDITOR
2009 MAR 11 AM 11:48

LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
October 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/18/09

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	3
COMBINED STATEMENT OF FINANCIAL POSITION	5
COMBINED STATEMENT OF ACTIVITIES	6
COMBINED STATEMENT OF CASH FLOWS	7
NOTES TO COMBINED FINANCIAL STATEMENTS	8
SUPPLEMENTAL INFORMATION	
COMBINED STATEMENT OF ACTIVITIES – LOUISIANA ENDOWMENT FOR THE HUMANITIES AND PRIME TIME FAMILY READING	15
COMBINED STATEMENT OF ACTIVITIES – LOUISIANA ENDOWMENT FOR THE HUMANITIES	16
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	19
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	20
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	24

Justin J. Scanlan, C.P.A., U.C.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
TELEPHONE: (504) 288-0050

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisiana Endowment for the Humanities
and Prime Time Family Reading

We have audited the accompanying combined statement of financial position of the Louisiana Endowment for the Humanities and Prime Time Family Reading (non-profit corporations) as of October 31, 2008, and the related combined statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from the Corporation's 2007 financial statements and, in our report dated January 30, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Endowment for the Humanities and Prime Time Family Reading as of October 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 20, 2009, on our consideration of the Louisiana Endowment for the Humanities and Prime Time Family Reading's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined basic financial statements of the Louisiana Endowment for the Humanities and Prime Time Family Reading taken as a whole. The supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the combined basic financial statements. The schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is also not a required part of the combined basic financial statements of the Corporations. Such information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined basic financial statements taken as a whole.

Justin J. Scanlan, CPA, LLC

New Orleans, Louisiana
January 20, 2009

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
COMBINED STATEMENT OF FINANCIAL POSITION**

October 31, 2008

ASSETS

	<u>OCTOBER 31, 2008</u>	<u>TOTAL MEMORANDUM ONLY OCTOBER 31, 2007</u>
Cash	\$ 3,406,139	\$ 2,183,029
Investment securities (Notes A4 and B)	186,362	-
Receivables		
Grant (Notes A5 and C)	564,177	197,639
Other	-	3,338
	<u>564,177</u>	<u>200,977</u>
Property, building, and equipment-at cost (Notes A6 and D)	2,096,010	2,039,850
Collections – Art (Note A7)	<u>133,135</u>	<u>78,550</u>
Total assets	<u>\$ 6,385,823</u>	<u>\$ 4,502,406</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	<u>\$ 339,198</u>	<u>\$ 294,426</u>
Total liabilities	<u>339,198</u>	<u>294,426</u>
Net assets		
Unrestricted		
General	\$ 1,661,363	\$ 1,116,035
Building	<u>2,234,567</u>	<u>2,060,318</u>
	3,895,930	3,176,353
Temporarily restricted (Note E)	1,965,877	1,031,627
Permanently restricted (Note G)	<u>184,818</u>	<u>-</u>
Total net assets	<u>6,046,625</u>	<u>4,207,980</u>
Total liabilities and net assets	<u>\$ 6,385,823</u>	<u>\$ 4,502,406</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING**

COMBINED STATEMENT OF ACTIVITIES

For the year ended October 31, 2008

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>	<u>TOTAL MEMORANDUM ONLY FOR THE YEAR ENDED OCTOBER 31, 2007</u>
REVENUE					
Government grants	\$ -	\$ 4,582,271	\$ -	\$ 4,582,271	\$ 3,038,635
Contributions	341,642	559,527	250,000	1,151,169	619,535
Program income	188,420	-	-	188,420	182,599
Investment income (Note B)	57,489	2,179	< 65,182>	< 5,514>	56,162
Building income	247,522	-	-	247,522	240,715
Other	8,114	-	-	8,114	5,713
Net assets released from restrictions	<u>4,209,727</u>	<u>< 4,209,727></u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>\$ 5,052,914</u>	<u>934,250</u>	<u>184,818</u>	<u>6,171,982</u>	<u>4,143,359</u>
EXPENSES					
Administration	511,203	-	-	511,203	507,458
Program development	1,044,805	-	-	1,044,805	761,187
Legislative activities	47,185	-	-	47,185	42,202
Fund raising	81,895	-	-	81,895	95,593
Special projects expense	1,514,164	-	-	1,514,164	1,146,529
Regrants	810,071	-	-	810,071	619,587
Building expense	241,321	-	-	241,321	327,024
Depreciation	82,693	-	-	82,693	66,216
Total expenses	<u>4,333,337</u>	<u>-</u>	<u>-</u>	<u>4,333,337</u>	<u>3,565,796</u>
Increase <decrease> in net assets	719,577	934,250	184,818	1,838,645	577,563
Net assets, beginning of year	<u>3,176,353</u>	<u>1,031,627</u>	<u>-</u>	<u>4,207,980</u>	<u>3,630,417</u>
Net assets, end of year	<u>\$ 3,895,930</u>	<u>\$ 1,965,877</u>	<u>\$ 184,818</u>	<u>\$ 6,046,625</u>	<u>\$ 4,207,980</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING**

COMBINED STATEMENT OF CASH FLOWS

For the year ended October 31, 2008

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Increase in net assets		\$ 1,838,645
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	\$ 82,694	
Unrealized depreciation of investment securities	65,182	
Changes in assets and liabilities:		
Increase in grant receivables	< 366,538>	
Decrease in other receivables	3,338	
Increase in accounts payable and accrued liabilities	<u>44,772</u>	<u>< 170,552></u>
Net cash provided by operating activities		<u>1,668,093</u>
Cash flows from investing activities:		
Acquisition of equipment		< 12,208>
Capitalization of building improvements		< 126,646>
Purchase of art work		< 54,585>
Purchase of investment securities		<u>< 251,544></u>
Net cash used in investing activities		<u>< 444,983></u>
Net increase in cash and cash equivalents		1,223,110
Cash and cash equivalents, beginning of year		<u>2,183,029</u>
Cash and cash equivalents, end of year		<u>\$ 3,406,139</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
NOTES TO COMBINED FINANCIAL STATEMENTS**

October 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Activities

The Louisiana Endowment for the Humanities is a non-profit corporation organized for the purpose of maintaining a state-based program in the humanities in the State of Louisiana on behalf of its citizens in accordance with the regulations and guidelines established by the Congress of the United States and the National Endowment for the Humanities.

Prime Time Family Reading is a non-profit corporation organized for the purpose of establishing and maintaining a family literacy and reading program in the humanities called Prime Time in the State of Louisiana and in other states of the United States.

2. Presentation of Financial Statements

The financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For Profit Organizations," dated June 1993. Accordingly, the net assets of the corporations are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

The net assets and changes therein are classified as follows:

Unrestricted Net Assets – Contributions and other revenue and expenses for the general operation of its programs.

Temporarily Restricted Net Assets – Contributions and other revenues specifically authorized by the donor or grantor to be used for specific purposes.

Permanently Restricted Net Assets – Contributions subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Corporation pursuant to those stipulations.

The combined financial statements include the accounts of Louisiana Endowment For The Humanities and Prime Time Family Reading. They are affiliated by virtue of common control. All significant intercompany transactions have been eliminated in combination.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

October 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Revenue Recognition

For financial reporting, the corporations recognize all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as “net assets released from restrictions.”

Grant revenue is recognized as it is earned in accordance with approved contracts.

4. Investments

Investments are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set for in the Statement of Financial Accounting Standards No. 124, “Accounting for Certain Investments Held By Not-For-Profit Organizations.” Under Statement of Financial Accounting Standards No. 124 investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

5. Receivables

The corporations consider accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

6. Property, Building and Equipment

Louisiana Endowment For The Humanities and Prime Time Family Reading records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. Depreciation expense for the year ended October 31, 2008 totaled \$82,693.

It is the policy of the corporations to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

October 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Collections – Art

The art collection consists primarily of John T. Scott's art work. The corporations do not record depreciation on its collections because depreciation is not presently required to be recognized on individual works of art whose economic benefit or service potential is used so slowly that their estimated useful lines are extraordinarily long.

8. Cash Equivalents

For purposes of the statement of cash flows, the Louisiana Endowment for the Humanities and Prime Time Family Reading consider all investments with original maturities of three months or less to be cash equivalents.

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

10. Fair Values of Financial Investments

Cash, cash equivalents, and temporary investments carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments. The fair values of marketable securities are based on quoted market prices for those or similar investments.

11. Total Columns of Combined Statements - Overview

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

October 31, 2008

NOTE B – INVESTMENT SECURITIES

Investment securities cost and approximate market values at October 31, 2008, consist of the following:

	<u>Fair Market Value</u>	<u>Cost</u>
Northwest Louisiana Fund	<u>\$ 186,362</u>	<u>\$ 251,544</u>

The unrealized depreciation as of and for the year ended October 31, 2008 totaled \$65,182.

Investment income for the year ended October 31, 2008, consists of the following:

Interest income	\$ 59,668
Unrealized depreciation of investment securities	<u>< 65,182 ></u>
	<u>\$ < 5,514 ></u>

NOTE C – GRANTS RECEIVABLE

Grants receivable represents the amount of funds awarded but not received at October 31, 2008, as scheduled below:

	<u>Amount</u>
National Endowment For the Humanities	\$ 96,730
U. S. Department of Education	<u>467,447</u>
	<u>\$ 564,177</u>

NOTE D – PROPERTY, BUILDING, AND EQUIPMENT

Property, building, and equipment at October 31, 2008 consists of the following:

Building	\$ 929,120
Building improvements	859,474
Equipment	<u>64,006</u>
	1,852,600
Less accumulated depreciation	<u>< 363,264 ></u>
	1,489,336
Land	<u>606,674</u>
	<u>\$ 2,096,010</u>

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING**

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

October 31, 2008

NOTE E – NET ASSETS – TEMPORARILY RESTRICTED

The Temporarily Restricted Net Assets at October 31, 2008 consist of the following:

National Endowment for the Humanities LI-50358-07	\$ 39,776
U. S. Department of Education Teaching American History – Teacher Professional Development and Curriculum Development	424,126
Meeting New Standards in America	53,629
Restricted Contributions	1,443,072
State of Louisiana	3,730
Earnings – Endowment Fund	<u>1,544</u>
	<u>\$ 1,965,877</u>

NOTE F – RETIREMENT PLAN

The Louisiana Endowment for the Humanities and Prime Time Family Reading sponsor a defined contribution plan covering all employees twenty-one years or older. The participant becomes fully vested after five years. The corporations decide the amount, if any, to contribute each year to the individual retirement accounts for eligible employees based on a percentage of annual compensation. The percentage for the year ended October 31, 2008 was 8% of each participant's salary, and a matching contribution of employee elective deferrals up to 4%. The contribution percentage remained unchanged from the prior year. Contributions to the plan for the year ended October 31, 2008 totaled \$107,856.

NOTE G – PERMANENTLY RESTRICTED NET ASSETS

For the year ended October 31, 2008, Louisiana Endowment For the Humanities had the following endowment-related activities:

	Donor-Restricted Endowment Funds	Earnings Temporarily Restricted	Total
Investment return			
Interest income	\$ -	\$ 2,179	\$ 2,179
Net depreciation	<u>< 65,182 ></u>	<u>-</u>	<u>< 65,182 ></u>
	< 65,182 >	2,179	< 63,003 >
Contributions to perpetual endowment	250,000	-	250,000
Amounts appropriated for expenditures	<u>-</u>	<u>< 635 ></u>	<u>< 635 ></u>
Change in endowment fund	184,818	1,544	186,362
Endowment fund balance,			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 184,818</u>	<u>\$ 1,544</u>	<u>\$ 186,362</u>

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING**

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

October 31, 2008

NOTE H- BOARD OF DIRECTOR'S COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member.

NOTE I - INCOME TAXES

The Louisiana Endowment for the Humanities and Prime Time Family Reading are exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE J - CONCENTRATIONS OF CREDIT RISKS

The corporations' cash balance as of October 31, 2008, before deducting outstanding checks, consists of the following:

Financial institutions	\$ 3,508,245
Less: FDIC insurance	<u>< 1,640,477 ></u>
Unsecured balance	<u>\$ 1,867,768</u>

NOTE K - ECONOMIC DEPENDENCY

The corporations receive the majority of its revenue from funds provided through grants administered by the National Endowment for the Humanities and the State of Louisiana. The grant amounts are appropriated each year by the federal government and the State of Louisiana. If significant budget cuts are made at the federal or state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operation. At the time of completion of the examination of the corporations' financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive the next fiscal year.

The corporations' are supported primarily through grants from the National Endowment for the Humanities and the State of Louisiana, Department of Higher Education. Approximately 15% of the support was received from the National Endowment for the Humanities and 31% from the State of Louisiana during the year ended October 31, 2008.

SUPPLEMENTAL INFORMATION

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING**

COMBINED STATEMENT OF ACTIVITIES

For the year ended October 31, 2008

	LOUISIANA ENDOWMENT FOR THE HUMANITIES	PRIME TIME FAMILY READING	TOTAL
REVENUE	\$ 4,307,059	\$ 275,212	\$ 4,582,271
Grants	1,151,169	-	1,151,169
Contributions	188,420	-	188,420
Program income	< 5,514>	-	< 5,514>
Investment income	247,522	-	247,522
Building income	8,114	-	8,114
Other income	<u>5,896,770</u>	<u>275,212</u>	<u>6,171,982</u>
Total Revenue			
EXPENSES			
Administration and program development	1,685,088	-	1,685,088
Special projects expense	1,278,728	235,436	1,514,164
Regrants	810,071	-	810,071
Building expenses	241,321	-	241,321
Depreciation	<u>82,693</u>	<u>-</u>	<u>82,693</u>
Total Expenses	<u>4,097,901</u>	<u>235,436</u>	<u>4,333,337</u>
Increase <decrease> in net assets	1,798,869	39,776	1,838,645
Net assets, beginning of year	<u>4,207,980</u>	<u>-</u>	<u>4,207,980</u>
Net assets, end of year	<u>\$ 6,006,849</u>	<u>\$ 39,776</u>	<u>\$ 6,046,625</u>

LOUISIANA ENDOWMENT FOR THE HUMANITIES

COMBINED STATEMENT OF ACTIVITIES

For the year ended October 31, 2008

	NEH GRANT SO-50251-08	NEH GRANT BC-50363-07	NEH GRANT BC-50412-08	U.S. DEPARTMENT OF EDUCATION TEACHING AMERICAN HISTORY GRANTS	U. S. DEPARTMENT OF EDUCATION MEETING NEW STANDARD IN AMERICA	U.S. DEPARTMENT OF EDUCATION MEETING NEW STANDARDS IN AMERICAN HISTORY
REVENUE						
Grants	\$ 567,800	\$ 10,000	\$ 96,730	\$ 666,483	\$ 329,936	\$ 334,464
Contributions	-	-	-	-	-	-
Program income	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Building income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total Revenue	<u>567,800</u>	<u>10,000</u>	<u>96,730</u>	<u>666,483</u>	<u>329,936</u>	<u>334,464</u>
EXPENSES						
Administration and program development	551,800	-	5,000	192,357	400,296	296,141
Special projects expense	-	10,000	20,000	-	-	-
Regrants	16,000	-	71,730	50,000	12,776	8,022
Building expenses	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Total Expenses	<u>567,800</u>	<u>10,000</u>	<u>96,730</u>	<u>242,357</u>	<u>413,072</u>	<u>304,163</u>
Increase <decrease> in net assets	-	-	-	424,6126	83,136	30,301
Transfers to/from general	-	-	-	-	105	-
Net assets, beginning of year	-	-	-	-	<u>83,031</u>	<u>23,328</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,126</u>	<u>\$ -</u>	<u>\$ 53,629</u>

LOUISIANA ENDOWMENT FOR THE HUMANITIES
COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended October 31, 2008

	STATE OF LOUISIANA COOPERATIVE ENDEAVOR AGREEMENT GRANT NO. 08-09 LEH EB	STATE OF LOUISIANA COOPERATIVE ENDEAVOR AGREEMENT GRANT NO. 07-08 LEH EB	STATE OF LOUISIANA COOPERATIVE ENDEAVOR AGREEMENT GRANT GRANT NO. OJ 2008-30	STATE OF LOUISIANA COOPERATIVE ENDEAVOR AGREEMENT GRANT NO. KBB-2006-32	PERMANENTLY RESTRICTED ENDOWMENT FUND
REVENUE					
Grants	\$ 551,646	\$ 1,200,000	\$ 50,000	\$ 150,000	\$ -
Contributions	-	-	-	-	250,000
Program income	-	-	-	-	-
Investment income	-	-	-	-	< 65,182 >
Building income	-	-	-	-	-
Other income	-	-	-	-	-
Total Revenue	<u>551,646</u>	<u>1,200,000</u>	<u>50,000</u>	<u>150,000</u>	<u>184,818</u>
EXPENSES					
Administration and program development	56,500	178,540	-	-	-
Special projects expense	278,700	758,460	50,000	150,000	-
Regrants	212,716	417,017	-	-	-
Building expenses	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Expenses	<u>547,916</u>	<u>1,354,017</u>	<u>50,000</u>	<u>150,000</u>	<u>-</u>
Increase <decrease> in net assets	3,730	<154,017 >	-	-	184,818
Transfers to/from general	-	-	-	-	-
Net assets, beginning of year	-	<u>154,017</u>	-	-	-
Net assets, end of year	<u>\$ 3,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,818</u>

LOUISIANA ENDOWMENT FOR THE HUMANITIES
COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended October 31, 2008

	<u>UNRESTRICTED</u>				
	<u>EARNINGS ON ENDOWMENT FUND</u>	<u>UNRESTRICTED CONTRIBUTIONS</u>	<u>GENERAL</u>	<u>BUILDING</u>	<u>ELIMINATIONS</u>
<u>REVENUE</u>					<u>TOTAL</u>
Grants	\$ -	\$ 350,000	\$ -	\$ -	\$ 4,307,059
Contributions	-	559,527	341,642	-	1,151,169
Program income	-	-	188,420	-	188,420
Investment income	2,179	-	57,489	-	< 5,514>
Building income	-	-	-	290,007	247,522
Other income	-	-	-	8,114	8,114
Total Revenue	<u>2,179</u>	<u>909,527</u>	<u>587,551</u>	<u>298,121</u>	<u>5,896,770</u>
<u>EXPENSES</u>					
Administration and program development	635	22,061	28,243	-	1,685,088
Special projects expense	-	-	11,568	-	1,278,728
Regents	-	17,810	-	-	810,071
Building expenses	-	-	-	241,321	241,321
Depreciation	-	-	2,307	80,386	82,693
Total Expenses	<u>635</u>	<u>39,871</u>	<u>42,118</u>	<u>321,707</u>	<u>4,097,901</u>
Increase <decrease> in net assets	1,544	869,656	545,433	< 23,586>	1,798,869
Transfers to/from general	-	< 197,835>	< 105>	197,835	-
Net assets, beginning of year	-	<u>771,251</u>	<u>1,116,035</u>	<u>2,060,318</u>	<u>4,207,980</u>
Net assets, end of year	<u>\$ 1,544</u>	<u>\$ 1,443,072</u>	<u>\$ 1,661,363</u>	<u>\$ 2,234,567</u>	<u>\$ 6,006,849</u>

Eliminations

1. Intergrant rental income and expenses were eliminated.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended October 31, 2008

			<u>LOUISIANA ENDOWMENT FOR THE HUMANITIES</u>	<u>PRIME TIME FAMILY READINGS</u>	
	<u>Grant No.</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>	<u>Subrecipient Costs</u>	<u>Total Federal Expenditures</u>
National Endowment for the Humanities	SO-50251-08	45.129	\$ 567,800	\$ 20,000	\$ -
	BC-50363-07	45.168	10,000	-	-
	BC-50412-08	45.168	96,730	71,730	-
	CH-50459-08	45.130	350,000	-	-
	LI-50358-07	45.164	<u>-</u>	<u>-</u>	<u>235,436</u>
Total National Endowment for the Humanities			<u>1,024,530</u>	<u>91,730</u>	<u>235,436</u>
U. S. Department of Education					
Teaching American History – Teacher Professional Development and Curriculum Development	U215X070226	84.215X	242,357	-	-
Public Schools: Meeting New Standards in American	U215X050029	84.215X	412,967	-	-
Meeting New Standards in American History	U215X070183	84.215X	<u>304,163</u>	<u>-</u>	<u>-</u>
Total U. S. Department of Education			<u>959,487</u>	<u>-</u>	<u>-</u>
Total Federal Awards			<u>\$ 1,984,017</u>	<u>\$ 91,730</u>	<u>\$ 235,436</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Presentation of Financial Statements

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded, for financial reporting purposes, when the Louisiana Endowment for the Humanities and Prime Time Family Reading has met the cost reimbursement or funding qualifications for the respective grants.

B. Non-federal Contributions

The non-federal contributions relative to the National Endowment for the Humanities and Prime Time Family Reading grant totaled \$1,901,933 for the year ended October 31, 2008.

Justin J. Scanlan, C.P.A., L.L.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE.

NEW ORLEANS, LOUISIANA 70122

TELEPHONE: (504) 288-0050

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Louisiana Endowment for the Humanities
and Prime Time Family Reading

We have audited the combined financial statements of the Louisiana Endowment for the Humanities and Prime Time Family Reading (non-profit corporations) as of and for the year ended October 31, 2008, and have issued our report thereon dated January 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Endowment for the Humanities and Prime Time Family Reading's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the Louisiana Endowment for the Humanities and Prime Time Family Reading's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Endowment for the Humanities and Prime Time Family Reading's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Endowment for the Humanities and Prime Time Family Reading's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
January 20, 2009

Justin J. Scanlan, C.P.A., L.L.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE.

NEW ORLEANS, LOUISIANA 70122

TELEPHONE: (504) 288-0050

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Louisiana Endowment for the Humanities
and Prime Time Family Reading

Compliance

We have audited the compliance of the Louisiana Endowment for the Humanities and Prime Time Family Reading (a non-profit corporations) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended October 31, 2008. The Louisiana Endowment for the Humanities and Prime Time Family Reading's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Louisiana Endowment for the Humanities and Prime Time Family Reading's management. Our responsibility is to express an opinion on the Louisiana Endowment for the Humanities and Prime Time Family Reading's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of the States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Louisiana Endowment for the Humanities and Prime Time Family Reading's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Louisiana Endowment for the Humanities and Prime Time Family Reading's compliance with those requirements.

In our opinion, the Louisiana Endowment for the Humanities and Prime Time Family Reading complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 31, 2008.

Internal Control Over Compliance

The management of the Louisiana Endowment for the Humanities and Prime Time Family Reading are responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Louisiana Endowment for the Humanities and Prime Time Family Reading's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our

opinion on compliance, but not for the purpose of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Endowment for the Humanities and Prime Time Family Reading's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
January 20, 2009

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended October 31, 2008

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the combined financial statements of Louisiana Endowment for the Humanities and Prime Time Family Reading.
2. The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is not applicable.
3. *No instances of noncompliance material to the financial statements* of Louisiana Endowment for the Humanities and Prime Time Family Reading were disclosed during the audit.
4. The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable.
5. The auditor's report on compliance for the major federal award programs for Louisiana Endowment for the Humanities and Prime Time Family Reading expresses an unqualified opinion on all major federal programs.
6. The audit disclosed no findings which are required to be reported under Section 510(a) of Circular A-133.
7. The programs tested as major programs included:
 - National Endowment for the Humanities and Prime Time Family Reading –
 - Grant No. SO-50251-08 (CFDA #45.129)
 - Grant No. CH-50459-08 (CFDA# 45.130)
 - U. S. Department of Education –
 - Teaching American History-Teacher Professional Development and Curriculum Development (CFDA #84.215X)
 - Public Schools: Meeting New Standards in America (CFDA #84.215X)
 - Meeting New Standards in American History (CFDA #84.215X)
8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. Louisiana Endowment for the Humanities and Prime Time Family Reading were determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings related to the financial statements for the year ended October 31, 2008.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the year ended October 31, 2008**

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no items identified in the course of our testing during the current year required to be reported.

STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.